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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91220652
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

IN RE: APPLICATION SERIAL NO. 86/233,170

BLUE CROSS AND BLUE SHIELD
ASSOCIATION,

Opposer,

v.

SISTERS OF CHARITY OF
LEAVENWORTH HEALTH SYSTEM,
INC.,

Applicant.

Opposition No. 91220652

**MOTION TO DISMISS APPLICANT'S
AMENDED COUNTERCLAIM FOR
FAILURE TO STATE A CLAIM (FED. R.
Civ. P. 12(b)(6))**

I. INTRODUCTION

Applicant and Counterclaimant's amended counterclaim for cancellation of a trademark registration owned by Opposer should be dismissed because Applicant does not plead *facts* that would establish abandonment—a claim that requires facts showing at least three consecutive years of nonuse of the registered mark, or a period of less than three years coupled with proof of intent not to resume use of the mark. Instead, Applicant pleads facts that do not support an abandonment claim, and then asserts the bare legal conclusion that Opposer's mark has been abandoned.

All of the facts Applicant and Counterclaimant Sisters of Charity of Leavenworth Health System, Inc. ("Applicant") alleges, in attempting to state a claim for abandonment, relate to a specimen of use filed in 2011 in connection with maintaining Registration No. 554817. Applicant alleges that this specimen was insufficient, despite the fact that it was accepted by the USPTO. As Opposer and Counterclaim Defendant Blue Cross and Blue Shield Association ("BCBSA") pointed out in its motion to dismiss Applicant's original counterclaim, controlling authority confirms that supposed issues with trademark maintenance are insufficient as a matter of law to state a claim for abandonment.

In response to BCBSA's motion to dismiss Applicant's original counterclaim, Applicant has inserted two new paragraphs that merely restate the elements of an abandonment claim. But these two added paragraphs are merely *legal conclusions* or *inferences* that do not flow from the facts Applicant alleges regarding BCBSA's specimen. Applicant's recitation of the baseline elements of abandonment is not enough to support its claim—supporting facts are required, and Applicant has alleged none. Accordingly, Applicant's amended counterclaim should be dismissed.

II. PROCEDURAL BACKGROUND

On March 27, 2015, Applicant filed its original Answer, Affirmative Defenses, and Counterclaims, through which it sought cancellation of five of BCBSA's registrations. On May 15, 2015, BCBSA moved to dismiss all of Applicant's counterclaims on the grounds that they did not state claims for abandonment. In response to BCBSA's motion, on June 4, 2015, Applicant filed an Amended Answer, Affirmative Defenses, and Counterclaim to Notice of Opposition ("Amended Counterclaim").

The Amended Counterclaim seeks cancellation of one of BCBSA's registrations: No. 554817. In support of it, Applicant repeats, verbatim, the factual allegations regarding BCBSA's supposedly insufficient specimen that it made in its original counterclaim, and adds two new paragraphs. These two new paragraphs are as follows:

Upon information and belief, and based on a review of publicly available sources, Respondent had discontinued its use of the Greek Cross design mark that is the subject of the '817 Registration and did not have an intent to resume use of the mark prior to the time that it filed its Section 8 and 9 Declarations on or about December 7, 2011.

Alternatively, upon information and belief, and based on a review of publicly available sources, Respondent had not been using the Greek Cross design mark that is the subject of the '817 Registration for a period of at least three consecutive years prior to the time it filed its Section 8 and 9 Declarations on or about December 7, 2011.¹

On August 19, 2015, the Board issued an order deeming BCBSA's May 15, 2015 motion to dismiss Applicant's originally-filed counterclaim to be moot, and setting September 8, 2015 as BCBSA's deadline to respond to the Amended Counterclaim.

III. LEGAL STANDARDS

A. Fed. R. Civ. P. 12(b)(6)

¹ Amended Counterclaim at 6 ¶¶ 16-17.

To overcome a motion to dismiss for failure to state a claim for cancellation under Rule 12(b)(6) of the Federal Rules of Civil Procedure, Applicant "must allege facts which would, if proved, establish that: (1) [Applicant] has standing to maintain the proceeding; and (2) there is a valid ground for cancelling the registrations."² To allege a valid ground for cancellation, the Board has applied Supreme Court precedent and held that counterclaims "must contain sufficient factual matter, accepted as true, to 'state a claim for relief that is plausible on its face.'"³ The pleading must show an entitlement to relief.⁴ Importantly for this matter, the Supreme Court has stated that:

[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.⁵

The Board is "not required to accept as true legal conclusions or unwarranted factual inferences."⁶ In the words of one Federal Court of Appeals, "legal conclusions masquerading as factual allegations will not suffice."⁷

B. Cancellation Based on Alleged Abandonment

The standards for properly pleading abandonment have long been settled: "[i]n order to set forth a cause of action to cancel the registration of a mark which assertedly

² *Doyle v. Al Johnson's Swedish Rest. & Butik, Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) (citing *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); TBMP § 503.02 (3d ed. 2011)).

³ *Id.* (quoting *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

⁴ *Iqbal*, 556 U.S. at 679-681; Fed. R. Civ. P. 8(a)(2).

⁵ *Id.* at 679.

⁶ *NSM Resources Corp. v. Microsoft Corp.*, 113 USPQ2d 1029, 1032 (TTAB 2014) (dismissing petition for cancellation with prejudice) (quoting *In re Bill of Lading Transmission and Processing System Patent Litig.*, 681 F.3d 1323 (Fed. Cir. 2012)).

⁷ *Eidson v. State of Term. Dep't of Children's Servs.*, 510 F.3d 631, 634 (6th Cir. 2007).

has been abandoned, plaintiff must allege ultimate facts pertaining to the alleged abandonment."⁸ The Lanham Act states that a mark may be deemed "abandoned" if "its use has been discontinued with intent not to resume such use" or if it becomes the generic name for the goods or services on or in connection with which it is used.⁹ Accordingly, an abandonment counterclaimant "must set forth a *prima facie* case of abandonment by a pleading of at least three consecutive years of non-use or must set forth facts that show a period of non-use less than three years coupled with an intent not to resume use."¹⁰ Applicant's own counsel of record has written on this very topic, and in his published writings, he agrees with this statement of the law; indeed, he states that abandonment requires *both* of these *prima facie* elements of three-years of non-use *and* intent not to resume use.¹¹

IV. ARGUMENT

A. Applicant has not stated a claim for abandonment of BCBSA's Registration No. 554817 because its only alleged facts relate to a specimen of use BCBSA most recently submitted, which was accepted by the USPTO.

⁸ *Otto Int'l, Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (citing *Clubman's Club Corporation v. Martin*, 188 USPQ 455, 456 (TTAB 1975)).

⁹ 15 U.S.C. § 1127.

¹⁰ *Otto Int'l*, 83 USPQ2d at 1863 (citing *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990)).

¹¹ See James Hastings, *Petition for Cancellation Grounds: Trademark Abandonment*, Trademark Opposition Lawyer (Aug. 30, 2011), <http://www.trademarklitigationguide.com/petition-for-cancellation-grounds-abandonment> ("In order to successfully bring a case for trademark abandonment, a plaintiff (petitioner) needs to prove the following elements by a preponderance of the evidence: 1. non-use of the trademark for at least 3 consecutive years by the trademark owner; and 2. an intent not to resume use of the trademark by the owner").

Applicant alleges that BCBSA's Registration No. 554817 should be cancelled because it "has abandoned its rights in and to the '817 Registration."¹² By way of facts to support this claim, Applicant alleges as follows:

The specimen submitted in connection with [BCBSA's] Section 8 and 9 Declaration filed in connection with the '817 Registration does not depict [BCBSA's] Greek Cross design mark anywhere on the specimen as used in association with the registered services.¹³

Applicant goes on to aver that, at the time BCBSA filed its most recent Sections 8 and 9 paperwork, the mark that is the subject of this registration was not being used in commerce.¹⁴ These are the entirety of Applicant's *factual* allegations regarding BCBSA's supposed abandonment of Registration No. 554817, and they are insufficient, as a matter of law, to state a claim upon which relief can be granted, for at least three reasons.

First, alleging that a specimen was insufficient evidence of use when it was filed does not equate to stating a claim of abandonment because it does not allege more than three years of nonuse, or less than three years of nonuse with an intent not to resume.¹⁵ The Board has previously rejected similarly-pled claims, noting in one instance that "[t]o the extent Petitioner intends to assert only the insufficiency of

¹² Amended Counterclaim at 6 ¶ 18.

¹³ *Id.* at 5 ¶ 14.

¹⁴ *Id.* at 5-6 ¶ 15.

¹⁵ See, e.g., *Otto Int'l*, 83 USPQ2d at 1863 (dismissing petition for cancellation claiming abandonment because allegations did not contain any averment that respondent had failed to use its mark for more than three years or that it had discontinued use with an intent not to resume).

Respondent's specimens, the claim would be futile."¹⁶ Indeed, Applicant makes no factual allegation to support the notion that BCBSA has discontinued using its mark for more than three years, and Applicant's factual allegations are silent as to BCBSA's intentions. Accordingly, even if the specimen submitted in connection with BCBSA's maintenance of Registration No. 554817 were somehow inadequate, that does not factually support a claim for abandonment.

Second, Applicant's Amended Counterclaim amounts to improper second-guessing of the USPTO's January 13, 2012 Notice of Acceptance of § 8 Declaration and § 9 Renewal in connection with Registration No. 554817.¹⁷ Applicant may not base an abandonment claim upon such allegations. As the Board has stated, "fairness dictates that the ex parte question of the sufficiency of the specimens not be the basis for sustaining a petition for cancellation."¹⁸ Hypothetically, if the USPTO had rejected the specimen at issue, BCBSA would have been given the chance to submit a substitute, which it would have done in order to maintain this registration that has been in force

¹⁶ *Domond v. 37.37, Inc.*, 113 USPQ2d 1264, 1265 n.2 (TTAB 2015) (noting that the proper ground for cancellation is not the inadequacy of a specimen, but that the registered mark allegedly has not been used as a trademark) (citing *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989)).

¹⁷ See Exhibit A, a true and correct copy of the USPTO's January 13, 2012 statement that the paperwork submitted by BCBSA to maintain Registration No. 554817 met the requirements of the Trademark Act and noting that the registration remains in force.

¹⁸ *Marshall Field & Co.*, 11 USPQ2d at 1358 (allegations asserting the insufficiency of specimens of use did not state a claim for cancellation upon which relief can be granted).

since the early 1950s. BCBSA cannot be penalized now for submitting a specimen that was reviewed and accepted.¹⁹

Third, BCBSA's filing of a Declaration of Use²⁰ demonstrates its intent to continue using the mark in question, regardless of the sufficiency of the specimen that accompanied it. Abandonment, pursuant to its statutory definition, must involve an intent of the mark owner not to resume use.²¹ Applicant cannot make such a claim here.

B. Applicant's addition of legal conclusions or unwarranted factual inferences regarding abandonment do not save its Amended Counterclaim.

In its Amended Counterclaim, Applicant repeats its original allegations concerning BCBSA's allegedly insufficient specimen, and adds two paragraphs that recite the elements of abandonment. These new additions are insufficient to state a claim for abandonment because they are either pure legal conclusions or, at best, unwarranted factual inferences that do not flow from Applicant's pleaded facts. It is not enough, in other words, for Applicant to allege facts that are irrelevant to abandonment, and simply add the conclusion that a mark has been abandoned. As noted previously, Applicant's only new allegations are:

Upon information and belief, and based on a review of publicly available sources, Respondent had discontinued its use of the Greek Cross design

¹⁹ See *id.* ("Assuming, arguendo, that registrant's specimens are unacceptable, it would be unfair to penalize registrant for not submitting substitute specimens when that requirement was never made by the Examining Attorney.").

²⁰ BCBSA's Section 8 Declaration of Use was filed on the same date, December 7, 2011, as the specimen at issue. To the extent necessary, BCBSA asks that the Board take judicial notice of this Declaration, which is in the USPTO's electronic files maintained in connection with Registration No. 554817.

²¹ 15 U.S.C. § 1127 (a mark is "abandoned" if "its use has been discontinued with intent not to resume such use").

mark that is the subject of the '817 Registration and did not have an intent to resume use of the mark prior to the time that it filed its Section 8 and 9 Declarations on or about December 7, 2011.

Alternatively, upon information and belief, and based on a review of publicly available sources, Respondent had not been using the Greek Cross design mark that is the subject of the '817 Registration for a period of at least three consecutive years prior to the time it filed its Section 8 and 9 Declarations on or about December 7, 2011.

These allegations are legal conclusions, not facts, and they need not be considered when ruling on a motion to dismiss for failure to state a claim.²² As the Board has held, "[i]n order to set forth a sufficient claim to cancel the registration of a mark on grounds of abandonment, the plaintiff must plead *ultimate facts* pertaining to the alleged abandonment, *thus providing fair notice to the defendant of plaintiff's theory of abandonment*."²³ Applicant's legal conclusions provide no ultimate facts that would give BCBSA or the Board fair notice of Applicant's theory of abandonment.

At most, to the extent they are not purely legal conclusions, these new allegations are unwarranted factual inferences because, as explained above, the facts Applicant pleads related to BCBSA's specimen do not lead to the inference that any mark has been abandoned. Applicant's new allegations refer to "publicly available sources," which Applicant's own pleading concedes are the trademark registration maintenance files referenced in the preceding paragraphs of the Amended

²² *NSM Resources Corp.*, 113 USPQ2d 1029, 1032 (TTAB 2014) (Board is "not required to accept as true legal conclusions or unwarranted factual inferences.") (quoting *In re Bill of Lading Transmission and Processing System Patent Litig.*, 681 F.3d 1323 (Fed. Cir. 2012)).

²³ *Dragon Bleu v. VENM, LLC*, 112 USPQ2d 1925, 1932 (TTAB 2014) (italics added).

Counterclaim.²⁴ Case law is clear that allegedly insufficient specimens will not support a factual inference of abandonment, and Applicant's Amended Counterclaim does not allege any facts other than those related to BCBSA's specimen.

Adding *legal conclusions* and/or *unwarranted inferences* to insufficient factual allegations is not enough to make Applicant's claim cognizable. In other words, Applicant has pled "alternative" conclusory legal elements of abandonment, but offers no facts to support them or to provide notice of a legitimate theory of abandonment.

V. CONCLUSION

Having apparently recognized that it failed to allege even the baseline elements of abandonment the first time, Applicant has amended its counterclaim with two new paragraphs attempting to insert those elements now. But the reality is that Applicant's Amended Counterclaim is based on the same insufficient facts as before, and adding a legal conclusion to insufficient facts is not enough to save Applicant's claim. With Applicant having amended its counterclaim once already and added no *facts* that state an abandonment claim, there is nothing to suggest that Applicant would be able to amend its pleading to make proper allegations. Accordingly, the Amended Counterclaim should be dismissed with prejudice.

Respectfully submitted,

BLUE CROSS AND BLUE SHIELD
ASSOCIATION

By /s/ Christopher S. Walters

²⁴ See *Eidson v. State of Term. Dep't of Children's Servs.*, 510 F.3d 631, 634 (6th Cir. 2007) ("[L]egal conclusions masquerading as factual allegations will not suffice" to state a claim upon which relief may be granted.).

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Date: September 8, 2015

CERTIFICATE OF SERVICE

I, Laura Prongos, hereby certify that a true and complete copy of the foregoing **MOTION TO DISMISS APPLICANT'S AMENDED COUNTERCLAIM FOR FAILURE TO STATE A CLAIM (FED. R. CIV. P. 12(b)(6))** was served on the parties listed below by mailing said copies on September 8, 2015 via U.S. First Class Mail, postage pre-paid to:

Applicant's Attorney/Correspondent of Record:

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The Holyoke-Manhattan Building
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Dated: September 8, 2015

/s/ Laura Prongos

Laura Prongos

EXHIBIT A

Side - 1



**NOTICE OF ACCEPTANCE OF §8
DECLARATION AND §9 RENEWAL
MAILING DATE: Jan 13, 2012**

The declaration and renewal application filed in connection with the registration identified below meets the requirements of Sections 8 and 9 of the Trademark Act, 15 U.S.C. §§1058 and 1059. The declaration is accepted and renewal is granted. The registration remains in force.

For further information about this notice, visit our website at: <http://www.uspto.gov>. To review information regarding the referenced registration, go to <http://tarr.uspto.gov>.

REG NUMBER: 0554817
MARK: MISCELLANEOUS DESIGN
OWNER: BLUE CROSS AND BLUE SHIELD ASSOCIATION

Side - 2

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